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Viewing cable 05SANJOSE2882, AMBASSADOR'S POST MEMORANDUM: SAN JOSE

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Reference ID	Created	Released	Classification	Origin
05SANJOSE2882	2005-12-16 23:52	2011-08-30 01:44	CONFIDENTIAL	Embassy San Jose

Appears in these articles:

<http://www.nacion.com/2011-03-06/Investigacion/NotasDestacadas/Investigacion2702320.aspx>
<http://www.nacion.com/2011-03-06/Investigacion/NotaPrincipal/Investigacion2702324.aspx>
<http://www.nacion.com/2011-03-06/Investigacion/NotasSecundarias/Investigacion2702325.aspx>
<http://www.nacion.com/2011-03-06/Investigacion/NotasSecundarias/Investigacion2702326.aspx>
<http://www.nacion.com/2011-03-06/Investigacion/NotasSecundarias/Investigacion2702327.aspx>

This record is a partial extract of the original cable. The full text of the original cable is not available.

162352Z Dec 05

C O N F I D E N T I A L SECTION 01 OF 04 SAN JOSE 002882

SIPDIS

FOR INSPECTOR GENERAL FROM AMBASSADOR MARK LANGDALE

E.O. 12958: DECL: 12/16/2015

TAGS: [ASIG](#) [AMGT](#) [CS](#)

SUBJECT: AMBASSADOR'S POST MEMORANDUM: SAN JOSE

REF: STATE 210813

Classified By: CLASSIFIED BY AMBASSADOR MARK LANGDALE FOR REASON 1.5 (D)
)

(A) STATE OF RELATIONS WITH GOCR

1. (C) Relations between the United States and Costa Rica are very friendly. Our countries share a strong commitment to democracy and human rights. Costa Rica is the longest continuous democracy in Latin America and serves as an important example of how a long-term commitment to democracy benefits a country. Costa Rica does not have formal diplomatic relations with Cuba and is concerned about attempts by the Venezuelan government to increase its influence in the hemisphere. Although Costa Rica has no military, its coast guard and police cooperate closely with the U.S. Coast Guard, Navy, and Drug Enforcement Agency (DEA) in narcotics interdiction. The domestic political situation is paralyzed. Costa Rica is the only CAFTA country that has not ratified the treaty. Attempts at fiscal reform are stalled, as well. This void of leadership and political will to tackle serious issues confronting the country has put a cloud over the investment climate in the country. 75% of Costa Ricans believe that now is a bad time to invest in the country. Some of the worst road infrastructure in Central America, a rising violent crime rate, bottom quintile

standings with the World Bank in tax collection, contract enforcement and investor protection reinforce this negative investment climate. Until elections are concluded in the spring of 2006, nothing is expected to change.

12. (C) U.S. economic assistance to Costa Rica has fallen dramatically since 1995 when we closed our bilateral USAID mission. There was an upsurge in U.S. military and counter narcotics assistance with the signing of a Bilateral Maritime Agreement in 1998, but that assistance has now been reduced very substantially because of Costa Rica's reluctance to sign an Article 98 agreement and a shift in priorities in the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL funding has declined from a peak of \$3.2 million in 2000 to \$355 thousand this year). Failure to sign an Article 98 agreement also has caused Costa Rica to be ineligible for trade capacity-building funds to implement CAFTA-DR. This decline in assistance, which is viewed as "sanctions" by many in the GOCR and the press, unavoidably diminishes U.S. influence in Costa Rica and affects the level of bilateral cooperation in the areas of counternarcotics, counterterrorism, and trade.

13. (C) We expect far more vigorous leadership if former president and current front-runner Oscar Arias takes office in May. Arias is much more committed to free-market policies and CAFTA-DR than Pacheco, but with respect to some international issues, such as the use of military force and levels of economic assistance from rich to poor countries, Arias likely will be at odds with the United States. Arias is unlikely to embrace an Article 98 Agreement in any form.

(B) PRINCIPAL GOALS AND OBJECTIVES

14. (U) The Mission's three principal goals summarized from the MPP FY 2007 are:

- (1) to encourage greater economic prosperity in Costa Rica;
- (2) to assist and protect the growing legions of American citizens visiting and living in Costa Rica
- (3) to improve the domestic security of both Costa Rica and the United States;
- (4) to promote democratic ideals and a better understanding of, and support for, American foreign policy objectives in the region and the world.

15. (C) Trade and Investment. Ratifying and implementing CAFTA-DR is the litmus test of cooperation on trade liberalization and improving the investment climate in Costa Rica. Though we exerted a tremendous amount of effort to encourage the Pacheco administration to submit CAFTA-DR to the legislature as soon as possible after completion of negotiations in early 2004, it was not submitted until October, 2005, where it remains in committee. Improving the neglected infrastructure of Costa Rica will be needed for the country to be able to reap the benefits of freer trade. Because of a weak fiscal situation, this work will need to be financed utilizing foreign concessions. Costa Rica has not had a successful foreign concession in history. Helping solve current concession disputes and helping Costa Rica streamline and simplify the concession process is an important priority of the mission. Another key priority of the mission is to assist Costa Rica in instituting responsible fiscal reform.

6.(U) American Citizens Services. Over 700,000 Americans are expected to visit Costa Rica this year. About 30,000 American citizens live here permanently. Our mission processes more stolen passport claims than any other embassy in the world. We are also number four in processing non-natural US citizen deaths. The consular section is undergoing a remodel and expansion that should help alleviate the consular backlog and help streamline American citizen assistance.

17. (SBU) Domestic Security. We are seeking to improve Costa Rica's track record against drug trafficking within the current environment of minimum USG support. Significant weaknesses in the monitoring of the sea and air ports of Limon and Liberia have been identified and proposals for rectifying are being generated. We are placing greater emphasis on the arms-for-drugs trade in which Costa Rica is a transit country and on money laundering activity. We also are seeking to make Costa Rica a regional model for combating child sex exploitation, with the ability to export instructors and training to its neighbors. Crime is on the rise on the country and the National Police Force and the judiciary are struggling to respond. We are working with the government to propose changes in the wiretapping laws and to provide access to rudimentary equipment and training that is currently not available. A lack of an Article 98 agreement is a major impediment to providing any meaningful assistance.

18. (U) Diplomacy, both Traditional and Public. Costa Rica loves democracy, and we often work together with the GOCR to promote democratic principles, for example through the Summit of the Americas process and in the UN. Costa Rica is a great example for Latin America. It is vital that the country serve this role in the current environment of change in Latin America. We are working with the government and the private sector on an anti-corruption and transparency campaign to counteract the negative effect of three of their past Presidents being under arrest or suspicion of taking bribes. We are also actively promoting the charitable good works of US companies and foundations in the country as well as continuing and strengthening the Fulbright Scholars Program.

(C) GOAL ACCOMPLISHMENT

19. (SBU) Despite minimal U.S. material assistance, cooperation in counternarcotics intelligence-sharing and joint operations continues to be excellent, based on our close working relationships with the new head of the Costa Rican Coast Guard and the long-time chief of the drug police. Over 10 tons of cocaine has been seized this year. There have also been significant successes in the apprehension and extradition of most wanted offenders from Costa Rica to the United States. We have put into place an excellent training program for prosecutors and police in the area of sexual exploitation of children that has resulted in an unprecedented level of cooperation with positive results.

110. (SBU) Although Costa Rica is the only CAFTA country that has not yet ratified the treaty, this is in large part due to the success of the mission in insuring that the opening up of the telecommunications and insurance markets is part of the agreement. This has enraged the powerful monopoly and its trade unions, which have made it a priority to stop CAFTA implementation. The Econ and Political Sections have done an excellent job in preparing the scene for a decisive move beyond this historic impediment to growth. Another important success in the economic arena was the resolution of the Tepezcuintles expropriation case. This leaves only one expropriation case remaining to be resolved in Costa Rica.

111. (U) With important national elections set for February 2006, the mission has had success in introducing important ideas for reform. A year-long commission on anti-corruption and transparency has presented its report and steps are being taken to implement the recommended reforms. Experts on fundamental fiscal reform were also brought from the United States to help steer the domestic debate onto a more productive path.

D) SUPPORT PROBLEMS

112. (U) Our counternarcotics and law enforcement strategy has been hampered by irregular, unpredictable, feast-or-famine access to funds used for training and equipping our Costa Rican counterparts. U.S. legislation to protect American service members has cut off U.S. military assistance, including EDA and IMET, as of fiscal year 2004. And INL has drastically reduced its support for counternarcotics programming in Costa Rica. The fall-off in U.S. training and other assistance has resulted in a noticeable deterioration of the seaworthiness of the still very dependent Costa Rican Coast Guard fleet and a general degradation of Costa Rican counternarcotics capabilities.

113. (U) The other major problems at post are resource based. The management section requires both additional staff and ICASS funding to maintain adequate service in the face of increasing demands. For the last few years this post has suffered from inadequate ICASS funding levels. This year, in order to partially rectify the situation, we have asked for a shift of program funds to ICASS to meet minimum operational requirements. The RSO office and the Econ section are also areas that are woefully understaffed considering their workload and importance to the success of the overall mission.

114. (U) Consular staffing and space are inadequate, but have been addressed partially with the initiation of a consular improvement program. Additional space is required before staffing issues can be resolved. The renovation project is set for completion in June/July 2006. At completion, the Section will have adequate space for current, but not for projected, needs. Additional staffing, both officer and FSN, have been requested through Consular Packages, MRV funding requests, and the MPP. These requests are critical.

(E) PERFORMANCE OF EACH SECTION

115. (SBU) Political Section: This section handles its responsibilities professionally. They include annual

reports, demarches, the INL portfolio, overseeing a major U.S. Labor Department project in Costa Rica, attempts to end the Article 98 deadlock, monitoring the CAFTA passage saga, and regular political reporting on the February 2006 elections including our expectations of the next government.

16. (SBU) Economic Section: The section has been very effective in working with Costa Rican and U.S. elements to coax the GOCR to move CAFTA-DR forward with the all important telecom and insurance market openings intact. The Economic Section's close and coordinated relationship with both the Foreign Commercial Service and the Foreign Agricultural Service is exemplary. This section has also conducted an excellent speakers program on important topics of reform for Costa Rica.

17. (U) Management Section: The Management Section has experienced turnover in most of its 12 American positions since summer 2004. During this time period the section quickly melded together as a team, made an analysis of ongoing operations, decided what operational changes were needed and then has worked together to institute them. The results have focused on better customer service and information feedback, making smarter use of information technology through e-documents and reduction of paper, smarter and more efficient procurement practices, cost containment and reduction and more transparent B&F operations, an enhanced community liaison office, and remodeling the Consular section workspace to make it a healthier and more pleasant work environment. Lack of ICASS budget resources this past year, resulting in a less than adequate LE Staff wage increase has affected morale, and various ongoing issues with the host government regarding tax exoneration, customs and social security issues, have made the working environment difficult at times.

18. (U) Environmental Hub: The Hub links regional environment and science activities to our bilateral priorities. Its range of contacts and expertise encourages joint action with other sections on CAFTA-DR, health issues, public outreach, and other opportunities

19. (U) Consular Section: The Consular Section has a heavy federal benefits, passport, arrest, death, repatriation, extradition and letters interrogatory caseload. While immigrant visa caseload is relatively low, non-immigrant visa applications increased 20% in FY05, and a 30% increase is expected for FY06.

20. (U) Regional Security Office: The RSO enjoys an excellent collaborative relationship with Costa Rican counterparts on matters focused on, but not limited to, Embassy security, fugitive investigations, and major fraud cases. They have had good success with some of the most stretched resources at the mission.

21. (SBU) Public Diplomacy: The PD section is an integral and integrated part of the Embassy team. The PAO and/or IO participate actively in Country Team and other weekly Embassy meetings, providing both public affairs insights and substantive information on priority political and economic issues in the news. PA officers and staff coordinate program and press activities with other sections of the Embassy.

OTHER AGENCIES

22. (U) Drug Enforcement Administration: DEA provides leadership and knowledge regarding U.S. drug law enforcement and money laundering investigations, and coordinates closely with other Mission elements involved in pursuing the Mission's counternarcotics objectives. Host government cooperation with DEA is superb.

23. (U) Peace Corps: Peace Corps Costa Rica pursues the three goals of the organization through projects that respond to the needs of the Costa Rican populace. Peace Corps volunteers are working in projects focused on meeting the needs of children at risk, to address the needs of rural communities, and to help micro-enterprise development.

24. (U) Animal and Plant Health Inspection Service: APHIS is developing early detection systems of injurious pests of agriculture that could jeopardize the U.S. food supply and is developing a novel approach to pest reduction in Costa Rica that will also reduce pest risk to the U.S. APHIS works closely with host government officials and industry to develop a variety of cooperative agricultural programs beneficial to both countries consuming publics.

25. (U) Foreign Commercial Service: The Senior Commercial Officer is very effective at contact work and routinely shares important information in the Mission. The mutual provision of TDY assistance among all FCS posts in Central America supports the Mission's goals of furthering regional

economic integration and maximizing opportunities for U.S. business.

126. (U) Office of the Defense Representative: ODR is a key player in the mission's counternarcotics efforts and works effectively with other mission elements. The office has contributed very substantially to maintaining U.S. contact with Law Enforcement authorities in Costa Rica despite resource constraints.

(F) PROBLEMS AND INNOVATIVE INITIATIVES

127. (SBU) The lack of resources to support counternarcotics cooperation with Costa Rica will have a growing and long-term adverse impact on our efforts to combat drug trafficking and to stem the flow of illegal narcotics to the United States. It may eventually cause Costa Ricans to call into question the value to them of the Bilateral Maritime Agreement of 1998.

128. (U) The Economic Section faces potentially crippling and permanent personnel shortages in the course of the next two fiscal years. The section's OMS slot is a one-time-fill-only DRI position that will disappear when the current incumbent rotates out in the summer of 2006. The section's second officer position, also a DRI slot, faces a three-month gap early in 2006. When the future incumbent rotates to the consular section a year hence, the gap will become permanent without the authority we seek to create a permanent position. Such reduced capabilities as Costa Rica begins to implement its CAFTA-DR obligations will diminish the Embassy's effectiveness in a crucial area.

129. (U) The Political Section instituted a program to combat sexual exploitation of children in Costa Rica which emphasizes both deterrence and punishment. Posters at the airport and billboards at beach resorts now warn potential sex tourists, and, thanks to U.S. training and equipment, arrests and prosecutions are on the rise.

130. (U) The Public Affairs Section transparency and anti-corruption program produced real results when concrete suggestions for government procurement reform were presented in November at a public ceremony. This process represented an unprecedented commitment by a broad range of Costa Rican society to make changes in the ingrained ways of doing business and root out corruption.

LANGDALE